

# FISCAL NOTE

**Bill #:** HB0159

**Title:** Separate licensure of food manufacturers from retail establishments

**Primary Sponsor:** Haines, D

**Status:** Third Reading - Revised

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$0	\$0
State Special Revenue	\$8,888	\$13,613
<b>Revenue:</b>		
General Fund	\$337	\$337
State Special Revenue	\$8,888	\$13,613
<b>Net Impact on General Fund Balance:</b>	<b>\$337</b>	<b>\$337</b>

- |   |  |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact<br><input type="checkbox"/> Included in the Executive Budget<br><input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns<br><input type="checkbox"/> Significant Long-Term Impacts<br><input checked="" type="checkbox"/> Needs to be included in HB 2 |
|---|--|

## Fiscal Analysis

### ASSUMPTIONS:

#### **Health Policy Services Division (Prg 07)**

1. This fiscal note is based on the assumption that SB0464 passes.
2. There are currently 240 wholesale operations in Montana, 70 of which have retail operations on the premises. It is estimated that 5 new food salvagers enter the state during the biennium. Therefore, there are 240 existing licenses and 75 new licenses under this bill.
3. Current license fees are \$60 per license per year. Passage of this bill would increase this fee by \$15.00 (\$75 - \$60) in FY 2004 and \$30 (\$90 - \$60) in FY 2005. This increase would be for wholesale licenses only. The retail and food salvager licenses would be new in FY 2004 and 2005.
4. Additional revenue in FY 2004 is estimated to be \$9,225 (240 wholesale licenses x \$15 fee increase = \$3,600) + (75 retail and food salvager licenses x \$75 fee = \$5,625). Additional revenue in FY 2005 would be \$13,950 (240 wholesale licenses x \$30 fee = \$7,200) + (75 retail and food salvager licenses x \$90 fee = \$6,750).
5. Revenue generated from the new licenses (retailers and food salvagers) would be split as follows:
  - a. FY 2004

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(continued)

- i.  $\$5,625 \times .06 = \$337$  for general fund
  - ii.  $\$5,625 \times .06 = \$337$  for state special revenue
  - iii.  $\$5,625 \times .88 = \$4,950$  for Local Board Inspection
- b. FY 2005
  - i.  $\$6,750 \times .05 = \$337$  for general fund
  - ii.  $\$6,750 \times .05 = \$337$  for state special revenue
  - iii.  $\$6,750 \times .90 = \$6,075$  for Local Board Inspection
- 6. Revenue generated from the fee increase for existing wholesale licenses is allocated 100 percent to the Local Board inspection fund. This amount is estimated to be \$3,600 for FY 2004 and \$7,200 for FY 2005 (see assumption 4).
- 7. Total revenue per fund for FY 2004 is \$337 general fund and \$8,888 state special. ( $\$337 + 4,950 + 3,600$ ). For FY 2005, revenue per fund is \$337.50 general fund and \$13,613 state special. ( $\$337 + 6,075 + 7,200 = \$13,613$ ).
- 8. Revenue will be spent as allocated in the bill, 88 percent in FY 2004 and 90 percent in FY 2005 will be returned to the counties. The remaining amount, 12 percent in FY 2004 and 10 percent in FY 2005, will be spent in the Food and Consumer Safety section for administrative expenses.
- 9. The 7.5 percent (\$22.50) general fund collections are put in the general fund and are not spent directly by the Food & Consumer Safety Section.

**FISCAL IMPACT:**

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
<b><u>Health Policy Services Division (Prg 07)</u></b>		
<b><u>Expenditures:</u></b>		
Benefits	<u>\$8,888</u>	<u>\$13,613</u>
<b><u>Funding of Expenditures:</u></b>		
State Special Revenue (02)	\$8,888	\$13,613
<b><u>Revenues:</u></b>		
General Fund (01)	\$337	\$337
State Special Revenue (02)	\$8,888	\$13,613
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>		
General Fund (01)	\$337	\$337

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(continued)

TECHNICAL NOTES:

1. Revenues from existing licenses will go to the Local Board Inspection fund because, although the dollar amount for the fees increase each year, the percentages for the splits decrease enough to cause no change in the amount of general fund and state special revenue allocated from existing licenses and current splits.
  - a. General Fund and State Special Revenue
    - i.  $240 \times \$60 = \$14,400 \times .075 = \$1,080$
    - ii.  $240 \times \$75 = \$18,000 \times .060 = \$1,080$
    - iii.  $240 \times \$90 = \$21,600 \times .050 = \$1,080$
  - b. Local Board Inspection Fund
    - i.  $240 \times \$60 = \$14,400 \times .85 = \$12,240$
    - ii.  $240 \times \$75 = \$18,000 \times .88 = \$15,840$
    - iii.  $240 \times \$90 = \$21,600 \times .90 = \$19,440$
2. The changes to the license fees and distribution percentages would require the Department of Public Health and Human Services to perform system modifications which are estimated to cost approximately \$16,000.
3. The department will absorb the additional cost within current budget.
4. If SB0464 fails, and license fees remain at \$60 with existing funding splits, general fund revenue would be \$337 and state special revenue would be \$4,162.50 in each year of the biennium.